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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 8, 2008

Certified Return Receipt Requested
7005 2570 0000 4801 7185

Steven Gale
PO Box 855
Beaver, Utah 84713

Subject: Division Directive, Steven Gale, Anval 1&2 Mine, S0010038, Beaver County, Utah

Dear Mr. Gale:

There are deficiencies in your Notice of Intent and the reclamation surety for the above referenced mine that need to be rectified. Your original NOI was accepted in 1994 for up to 5 acres of disturbance. A reclamation surety of \$1,600 was provided to the BLM in 2003. This surety has not been adjusted since then to account for increased area of disturbance or increased reclamation costs (inflation) and does not name the Division as a co-beneficiary. In February of 2007, you requested to amend your NOI to disturb only 0.25 acres. However, no map was provided showing the location of the disturbance, and current disturbance at that time exceeded this acreage. Therefore the Division could not accept/approve the proposed amendment.

Within 30 days of receipt of this letter, you are hereby directed to:

- Amend your NOI by providing a map and narrative which describe the current disturbance (and acreage) and where you intend to operate for the next 1-5 years.
- Revise your reclamation surety by increasing the amount to an appropriate level (\$6,300 for up to one acre and an addition \$3,900 for each additional acre).
- Have the Division named as a co-beneficiary with the BLM.

Note, if you continue with a cash bond posted with the BLM, their rules do not allow the Division to be named as co-beneficiary. To resolve this, you will need to have the BLM submit a letter to the Division which states that the BLM will not release all or part of the reclamation surety without the Division's written consent. If you wish to change the form of surety to a letter of credit, certificate of deposit, or a surety bond, please contact Penny Berry at (801) 538-5291 or email bondcoordinator@utah.gov to obtain the appropriate form.

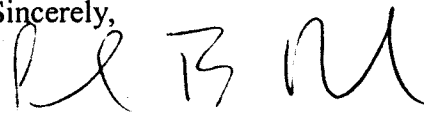


- As part of updating the reclamation surety, you will also be required to sign a reclamation contract. Please contact Penny Berry to obtain this document.

Failure to provide the amended NOI and update the reclamation surety as directed may result in enforcement action being taken by the Division which may include withdrawal of your permit and an order to commence reclamation of the site immediately.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5261 or Tom Munson at 801 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B Baker', written in a cursive style.

Paul B. Baker
Minerals Program Manager

PBB:TM::pb Task:1706

cc: Ed_ginouves@blm.gov
Penny Berry, DOGM

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